GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:7168
ANSWERED ON:13.05.2005
MERGER OF CO-OPERATIVE BANKS
Acharia Shri Basudeb

Will the Minister of FINANCE be pleased to state:

(a) whether various Committees constituted by GoI/RBI in the past have recommended in regard to restructuring of co-operative banks;

(b) if so, the details of recommendations made therein; and

(c) the action taken/proposed to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) Yes, Sir. The key Committees have been `Task Force to study the` functioning of co-operative credit system and suggest measures for its strengthening` (Capoor Committee-1999), `Joint committee on revitalization support to co-operative credit structure`(Vikhe Patil Committee-2001) and `Task Force on Revival of Co-operative Credit Institutions`(Prof. A. Vaidyanathan Committee-August, 2004).Gist of the recommendations made by the various committees are as under:

(i) removal of State Government`s intervention in administration and financial matters;

(ii) ensuring full voting rights on all users of financial services including deposits;

(iii) permitting co-operativss registered under parallel Act (in States applicable) to be members of co-operatives registered under the Co-operative Societies Act and vice versa;

(iv) limiting the exercise of powers of the State Governments to supersede Boards;

(v) bringing co-operative banks at par with commercial banks in terms of prudent financial regulations;

(vi) prescribing capital adequacy norms for cooperative banks; and

(vii) prohibiting any co-operative other than cooperative bank from accepting public deposits from any person other than its members.

(c) The recommendations of the various committees were suitably incorporated in the Banking Regulation (Amendment) and Misc. Provisions Bill 2003. The Bill was introduced in the Lok Sabha but it lapsed consequent to the dissolution of the 13th Lok Sabha. The Government has accepted the report of the Task Force headed by Prof. A.Vaidyanathan, in principle, for implementation in consultation with State Government.